

POINTE COUPEE GENERAL HOSPITAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
OCTOBER 31, 2012, 2011, AND 2010

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Years Ended October 31, 2012, 2011, and 2010

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Hospital Service District No. 1 of the Parish of Pointe Coupee and Affiliate Management's Discussion and Analysis

This section of the Hospital Service District's annual financial report presents background information and management's analysis of the District's financial performance during the fiscal year that ended on October 31, 2012. Please read it in conjunction with the financial statements in this report.

Financial Highlights

- Total assets increased \$2,050,559 or 6.67% in fiscal year 2012. In fiscal year 2011, the District's total assets increased by \$1,262,733 or 4.28%. This follows an increase during fiscal year 2010 of \$754,823, or approximately 2.63% compared to an increase of \$443,294 in fiscal year 2009, a percentage increase of 1.57%.
- Net operating revenues increased \$2,309,084 in fiscal year 2012 compared to a \$493,788 increase for fiscal year 2011. Operating expenses increased \$1,225,186 and \$581,108 in fiscal years 2012 and 2011, respectively. During fiscal year 2010, the District's net operating revenues increased \$373,130 while expenses increased \$1,139,938. The District had profits from operations in 2012 of \$1,073,307 compared to a loss of \$10,591 and profits of \$76,729 during 2011, and 2010, respectively.
- The District recorded revenues for Uncompensated Costs Reimbursement in the amounts of \$2,012,379, \$1,939,914, and \$2,017,245 in 2012, 2011, and 2010, respectively. In 2009, the amount received was \$1,543,566.
- The District received sales tax revenues of \$1,939,211 in fiscal year 2012, \$1,683,342 in fiscal year 2011, \$1,781,959 in fiscal year 2010, and \$1,958,987 in fiscal year 2009.
- The District made \$685,823 in capital acquisitions for the fiscal year compared to \$1,673,977 for fiscal year 2011. The majority of these acquisitions were related to EHR implementation and various equipment.

Required Financial Statements

The Financial Statements of the District report information about the District using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Balance Sheets include all of the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statements of Revenue, Expenses, and Changes in Net Assets. This statement measures improvements in the District's operations over the past two years and can be used to determine whether the District has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the Statements of Cash Flows. The primary purpose of this statement is to provide information about the District's cash from operations, investing, and financing activities, and to provide answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the Hospital Service District

The Balance Sheets and the Statements of Revenue, Expenses, and Changes in Net Assets report information about the Hospital Service District's activities. These two statements report the net assets of the District and changes in them. Increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting should also be considered.

Hospital Service District No. 1 of the Parish of Pointe Coupee and Affiliate
Management's Discussion and Analysis (Continued)

Net Assets

A summary of the District's Balance Sheets is presented in Table 1 below:

TABLE 1
Condensed Balance Sheets

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total current assets	\$ 5,628,533	\$ 6,758,390	\$ 7,469,915	\$ 7,137,667
Capital assets - net	10,520,087	11,030,838	10,657,444	10,632,453
Other assets	<u>16,635,624</u>	<u>12,944,457</u>	<u>11,343,593</u>	<u>10,946,009</u>
 Total Assets	 \$ <u>32,784,244</u>	 \$ <u>30,733,685</u>	 \$ <u>29,470,952</u>	 \$ <u>28,716,129</u>
 Current liabilities	 \$ 3,674,857	 \$ 2,939,015	 \$ 1,756,000	 \$ 1,843,127
Long-term liabilities	955,794	961,305	966,450	971,255
Net assets	<u>28,153,593</u>	<u>26,833,365</u>	<u>26,748,502</u>	<u>25,901,747</u>
 Total Liabilities and Net Assets	 \$ <u>32,784,244</u>	 \$ <u>30,733,685</u>	 \$ <u>29,470,952</u>	 \$ <u>28,716,129</u>

In Table 1 it can be seen that total assets increased by 6.67% or \$2,050,559 in fiscal year 2012. An increase of \$1,262,733, \$754,823, and \$443,294, occurred in fiscal year 2011, 2010, and 2009, respectively. Current liabilities have increased \$735,842 or 25.0% during fiscal year 2012 compared to the increase in total assets.

Summary of Revenue, Expenses, and Changes in Net Assets

The following table presents a summary of the District's historical revenues and expenses for each of the fiscal years ended October 31, 2012, 2011, 2010, and 2009.

TABLE 2
**Condensed Statements of Revenue, Expenses, and
Changes in Net Assets**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenue:				
Net patient service revenue	\$ 19,773,174	\$ 18,167,494	\$ 17,858,215	\$ 16,948,781
Sales tax revenue	1,939,211	1,683,342	1,781,959	1,958,987
Other revenues	<u>1,331,298</u>	<u>883,763</u>	<u>600,637</u>	<u>959,913</u>
 Total revenue	 \$ <u>23,043,683</u>	 \$ <u>20,734,599</u>	 \$ <u>20,240,811</u>	 \$ <u>19,867,681</u>

Hospital Service District No. 1 of the Parish of Pointe Coupee and Affiliate
Management's Discussion and Analysis (Continued)

Summary of Revenue, Expenses, and Changes in Net Assets (Continued)

TABLE 2 (Continued)
Condensed Statements of Revenue, Expenses, and
Changes in Net Assets

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenses:				
Salaries and benefits	\$ 11,319,113	\$ 11,085,618	\$ 10,197,422	\$ 9,497,920
Medical supplies and drugs	1,880,159	1,826,318	2,041,192	1,617,757
Insurance	441,663	429,816	429,395	454,461
Professional fees	3,122,790	2,994,202	2,881,508	2,880,657
Depreciation	1,106,020	1,058,614	1,027,721	976,675
Other expenses	<u>4,100,631</u>	<u>3,350,622</u>	<u>3,586,844</u>	<u>3,596,674</u>
Total expenses	<u>21,970,376</u>	<u>20,745,190</u>	<u>20,164,082</u>	<u>19,024,144</u>
Operating income (loss)	<u>1,073,307</u>	<u>(10,591)</u>	<u>76,729</u>	<u>843,537</u>
Nonoperating income (loss):				
Interest income and expense, net	177,500	186,922	174,864	214,415
Gain (loss) on disposal of assets	-0-	100,127	8,712	18,293
Payments to Police Jury	<u>(195,451)</u>	<u>(186,200)</u>	<u>(201,200)</u>	<u>(186,200)</u>
Nonoperating income, net	<u>(17,951)</u>	<u>100,849</u>	<u>(17,624)</u>	<u>46,508</u>
Excess of revenues (expenses)				
before capital grants	1,055,356	90,258	59,105	890,045
Capital grants	<u>264,872</u>	<u>66,497</u>	<u>754,849</u>	<u>283,962</u>
Excess of revenues (expenses)	1,320,228	156,755	813,954	1,174,007
Other comprehensive income	-0-	(71,892)	32,801	52,982
Comprehensive income (loss)	1,320,228	84,863	846,755	1,226,989
Net assets at beginning of year	<u>26,833,365</u>	<u>26,748,502</u>	<u>25,901,747</u>	<u>24,674,758</u>
Net assets at end of year	\$ <u>28,153,593</u>	\$ <u>26,833,365</u>	\$ <u>26,748,502</u>	\$ <u>25,901,747</u>

Sources of Revenue

Operating Revenue

During fiscal year 2012, the District derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients or their third-party payers, who receive care in the Hospital's facilities.

Hospital Service District No. 1 of the Parish of Pointe Coupee and Affiliate
Management's Discussion and Analysis (Continued)

Sources of Revenue (Continued)

Operating Revenue (Continued)

The Hospital became a Critical Access Hospital (CAH) on November 1, 2004. This changed the method of payment for most Medicare charges from prospective payment to cost based reimbursement. Swing bed services for Medicare patients also began in fiscal year 2005. Reimbursement for the Medicare and Medicaid programs and the third-party payers is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Other revenue includes interest income, cafeteria sales, and revenue from services provided to physicians, rental income and other miscellaneous services.

Table 3 presents the relative percentages of gross charges billed for patient services by payer for the fiscal years ended October 31, 2012, 2011, 2010, and 2009.

TABLE 3
Payer Mix by Percentage

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Medicare	36%	38%	37%	36%
Medicaid	10%	18%	17%	18%
Commercial Insurance	43%	34%	35%	34%
Self Pay	11%	11%	11%	12%

Non-operating Income

The District holds designated and restricted funds in its Balance Sheets that are invested primarily in the Louisiana Asset Management Pool, Merrill Lynch, and State Farm. Interest income in 2012 was \$243,754 compared to \$253,519 in fiscal year 2011. Total cash and investments in fiscal years 2012 and 2011 respectively are \$18,145,008 and \$16,566,787 with an increase of \$1,578,221. For fiscal year 2010, these cash and investments were \$14,552,914 in total that earned \$241,781 interest income. In 2009, the cash and investment's carrying amounts were \$13,778,026, with interest income of \$281,631.

Operating and Financial Performance

The following summarizes the Hospital's Statements of Revenue, Expenses, and Changes in Net Assets between 2012, 2011, 2010, and 2009:

In fiscal year 2012 patient admissions totaled 727 or a percentage decrease of 11.4%. Overall activity at the Hospital, as measured by patient admissions, decreased by 125 patients to 821, a percentage decrease of 13.2% in fiscal year 2011, compared to a decrease of 3.8% to 946 in 2010. This follows a decrease of 5.7% to 983 patient admissions in fiscal year 2009. In 2012, patient days decreased to 2,439 from 2,546 in 2011 and 2,784 in 2010, or percentage decrease of 4.2% and 8.5% in 2012 and 2011, respectively. Patient days decreased 3.0% to 2,784 in 2010 from 2,870 in 2009.

Average length of stay in 2012 was 3.54 for acute and 7.75 for swing. In 2011 and 2010, the average length of stays for acute were 3.10 and 2.95 and for swing were 6.49 and 5.54 days, respectively. Average length of stay of 2.86 in fiscal year 2009 decreased from 3.01 in 2008.

Hospital Service District No. 1 of the Parish of Pointe Coupee and Affiliate
Management's Discussion and Analysis (Continued)

Operating and Financial Performance (Continued)

In 2012, total net patient service revenue increased by 8.84% or \$1,605,680. Total net patient service revenue in fiscal year 2011 increased by \$309,279 or 1.73%, over 2010 net patient service revenue, and increased by \$909,434 in 2010 over 2009. In 2009, there was an increase of \$597,830 over 2008 revenue.

Gross accounts receivable increased in 2012 for the Hospital by \$432,826 and net accounts receivable decreased for Home Health / Hospice by \$91,049. In 2011, gross accounts receivable increased by \$854,452 for the Hospital and net accounts receivable increased by \$172,482 for Home Health / Hospice. Average days in net accounts receivable have increased to 39 in 2012 compared to 37 in 2011. In 2010 and 2009, average days in net accounts receivable were 32 and 38, respectively. The Hospital continues to exert every effort to assist patients in finding funding sources for health care.

Salaries continued to increase in 2012 by \$167,076 compared to an increase in 2011 of \$702,461, in fiscal year 2010 by \$396,748 over 2009 costs. A corresponding increase in benefits of \$66,419, \$185,735, and \$302,754 occurred between 2012, 2011, and 2010, respectively. Benefits increased mainly due to the increase in health insurance premiums.

The costs of medical supplies decreased by \$53,841 in 2012 compared to an increase of \$214,874 in 2011 and \$423,435 in 2010. In 2009, a decrease of \$137,098 from 2008 cost occurred.

Medical professional fees increased by \$128,588 during fiscal year 2012. In fiscal year 2011, an increase of \$112,694 occurred following a slight increase of \$851 in fiscal year 2010.

For fiscal year 2012 the provision for bad debts decreased by \$60,927 compared to an increase of \$292,508 in 2011 and an increase of \$310,724 in 2010. In 2009, provision for bad debts decreased by \$245,277 from 2008 amounts.

Capital Assets

During fiscal year 2012, the District invested approximately \$686,000 in capital assets. Net property, plant, and equipment decreased \$510,751 in 2012.

TABLE 4
Capital Assets

	October 31, <u>2012</u>	October 31, <u>2011</u>	October 31, <u>2010</u>	October 31, <u>2009</u>
Land and improvements	\$ 1,933,885	\$ 1,933,885	\$ 1,820,834	\$ 1,820,834
Buildings and fixed equipment	14,924,157	15,004,297	13,281,964	13,160,104
Moveable equipment	<u>5,697,273</u>	<u>5,031,310</u>	<u>5,434,686</u>	<u>4,575,227</u>
Total	22,555,315	21,969,492	20,537,484	19,556,165
Less: accumulated depreciation	<u>12,035,228</u>	<u>10,938,654</u>	<u>9,880,040</u>	<u>8,923,712</u>
Net property, plant, and equipment	\$ <u>10,520,087</u>	\$ <u>11,030,838</u>	\$ <u>10,657,444</u>	\$ <u>10,632,453</u>

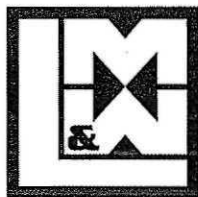
Hospital Service District No. 1 of the Parish of Pointe Coupee and Affiliate
Management's Discussion and Analysis (Continued)

Long-Term Debt

At 2012 fiscal year end, the District had \$961,305 in short-term and long-term debt.

Contacting the Hospital Service District's Financial Manager

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Hospital Service District's finances and to demonstrate the accountability for the money it receives. If you have questions about this report or need additional financial information, contact Hospital Administration.



LESTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

3600 Bayou Rapides Rd. • Alexandria, LA 71303

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Mailing Address: Post Office Box 8758 • Alexandria, Louisiana 71306-1758 • Telephone (318) 487-1450 • Facsimile (318) 445-1184

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Hospital Service District No. 1
Parish of Pointe Coupee, State of Louisiana
New Roads, Louisiana

We have audited the accompanying consolidated financial statements of the Hospital Service District No. 1, Parish of Pointe Coupee, (the "District"), a component unit of the Pointe Coupee Parish Police Jury, as of and for the years ended October 31, 2012, 2011, and 2010, as listed in the foregoing table of contents. These consolidated financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The financial statements of Maison Pointe Coupee Apartments, the "Affiliate", were audited by another auditor for the years ended December 31, 2012, 2011, and 2010, and we were not engaged to audit the Affiliate's financial statements as part of our audit of the District's financial statements. The Affiliate's financial activities are included in the District's financial statements as an affiliate and represent 5.5 percent, 3.1 percent, and 1.4 percent, respectively, of the assets, net assets, and revenues of the District's aggregately presented affiliates.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Hospital Service District No. 1, Parish of Pointe Coupee and its affiliate, as of October 31, 2012, 2011, and 2010, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated April 29, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Board of Commissioners
Hospital Service District No. 1
Parish of Pointe Coupee, State of Louisiana
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Our audits were conducted for the purpose of forming an opinion on the District's consolidated financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the consolidated financial statements, and in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages "i" through "vi" be presented to supplement the consolidated financial statements. Such information, although not a part of the consolidated financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the consolidated financial statements, and other knowledge we obtained during our audit of the consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Lester Melle, Jr. & Wells

Certified Public Accountants
Alexandria, Louisiana

April 29, 2013



Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combined Balance Sheets
October 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Current			
Cash and cash equivalents (Notes 2 & 3)	\$ 1,731,907	\$ 3,844,853	\$ 3,431,844
Patient accounts receivable, net of estimated uncollectibles (Note 5)	2,099,858	1,832,520	1,587,234
Estimated third-party payor settlements	1,112,242	285,782	846,146
Other receivables	48,648	65,208	938,628
Inventory	518,567	593,398	548,246
Prepaid expenses	<u>117,311</u>	<u>136,629</u>	<u>117,817</u>
Total Current Assets	5,628,533	6,758,390	7,469,915
Assets limited as to use (Note 4)	1,678,995	1,676,656	1,660,027
Capital assets, net (Note 6)	10,520,087	11,030,838	10,657,444
Other assets			
Investments	14,734,106	11,045,278	9,461,043
LHA investment	<u>222,523</u>	<u>222,523</u>	<u>222,523</u>
Total Assets	\$ <u>32,784,244</u>	\$ <u>30,733,685</u>	\$ <u>29,470,952</u>
<u>LIABILITIES AND NET ASSETS</u>			
Current			
Accounts payable	\$ 489,225	\$ 490,753	\$ 598,300
Accrued expenses and withholdings payable (Note 7)	1,186,813	1,208,261	1,072,895
Estimated third-party payor settlements	80,000	179,130	80,000
Unearned revenue	1,913,308	1,055,725	-0-
Current portion of long-term debt (Note 8)	<u>5,511</u>	<u>5,146</u>	<u>4,805</u>
Total Current Liabilities	3,674,857	2,939,015	1,756,000
Long-term			
Long-term debt (Note 8)	<u>955,794</u>	<u>961,305</u>	<u>966,450</u>
Total Liabilities	\$ <u>4,630,651</u>	\$ <u>3,900,320</u>	\$ <u>2,722,450</u>

See accompanying notes to financial statements.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combined Balance Sheets (Continued)
October 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 9,558,782	\$ 10,064,387	\$ 9,686,189
Unrestricted net assets	<u>18,594,811</u>	<u>16,768,978</u>	<u>17,062,313</u>
 Total Net Assets	 <u>28,153,593</u>	 <u>26,833,365</u>	 <u>26,748,502</u>
 Total Liabilities and Net Assets	 <u>\$ 32,784,244</u>	 <u>\$ 30,733,685</u>	 <u>\$ 29,470,952</u>

See accompanying notes to financial statements.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combined Statements of Revenue, Expenses, and Changes in Net Assets
Years Ended October 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenue			
Net patient service revenue (Note 12)	\$ 19,773,174	\$ 18,167,494	\$ 17,858,215
Sales tax revenue	1,939,211	1,683,342	1,781,959
Donations	5,551	-0-	174
Grants	679,099	290,972	-0-
Other operating revenue	<u>646,648</u>	<u>592,791</u>	<u>600,463</u>
Total Revenue	<u>23,043,683</u>	<u>20,734,599</u>	<u>20,240,811</u>
Expenses			
Salaries and benefits	11,319,113	11,085,618	10,197,422
Medical supplies and drugs	1,880,159	1,826,318	2,041,192
Insurance	441,663	429,816	429,395
Professional fees	3,122,790	2,994,202	2,881,508
Depreciation	1,106,020	1,058,614	1,027,721
Other expenses	<u>4,100,631</u>	<u>3,350,622</u>	<u>3,586,844</u>
Total Expenses	<u>21,970,376</u>	<u>20,745,190</u>	<u>20,164,082</u>
Operating Income (Loss)	<u>1,073,307</u>	<u>(10,591)</u>	<u>76,729</u>
Nonoperating Income (Loss)			
Investment income	243,754	253,519	241,781
Interest expense	(66,254)	(66,597)	(66,917)
Gain (loss) on disposal of assets	-0-	100,127	8,712
Payments to Police Jury	<u>(195,451)</u>	<u>(186,200)</u>	<u>(201,200)</u>
Nonoperating Income (Loss), net	<u>(17,951)</u>	<u>100,849</u>	<u>(17,624)</u>
Excess of Revenue (Expenses) before Capital Grants	1,055,356	90,258	59,105
Capital grants	<u>264,872</u>	<u>66,497</u>	<u>754,849</u>
Excess of Revenues (Expenses)	1,320,228	156,755	813,954
Other Comprehensive Income			
Unrealized investment gains (losses)	<u>-0-</u>	<u>(71,892)</u>	<u>32,801</u>
Comprehensive Income (Loss)	1,320,228	84,863	846,755
Beginning Net Assets	<u>26,833,365</u>	<u>26,748,502</u>	<u>25,901,747</u>
Ending Net Assets	\$ <u>28,153,593</u>	\$ <u>26,833,365</u>	\$ <u>26,748,502</u>

See accompanying notes to financial statements.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combined Statements of Cash Flows
Years Ended October 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:			
Cash receipts from patients and third-party payors	\$ 19,437,829	\$ 19,637,427	\$ 17,743,362
Cash receipts from other operating revenues	3,287,069	3,368,633	2,421,795
Cash payments to employees and for employee-related cost	(11,340,561)	(10,950,252)	(10,050,929)
Cash payments for other operating expenses	<u>(9,362,068)</u>	<u>(8,772,469)</u>	<u>(9,019,367)</u>
Net cash provided (used) by operating activities	<u>2,022,269</u>	<u>3,283,339</u>	<u>1,094,861</u>
Cash flows from investing activities:			
Income on investments whose use is limited	275	5,905	1,439
Other investment income	243,479	247,614	240,342
Assets limited as to use	(2,339)	(16,629)	243
Unrestricted investments	<u>(3,688,828)</u>	<u>(1,584,235)</u>	<u>(471,577)</u>
Net cash provided (used) by investing activities	<u>(3,447,413)</u>	<u>(1,347,345)</u>	<u>(229,553)</u>
Cash flows from non-capital financing activities:			
Payments to Police Jury	<u>(195,451)</u>	<u>(186,200)</u>	<u>(201,200)</u>
Net cash provided (used) by non-capital financing activities	<u>(195,451)</u>	<u>(186,200)</u>	<u>(201,200)</u>
Cash flows from capital and related financing activities:			
Purchases of property, plant, and equipment	(685,823)	(1,673,977)	(1,053,643)
Proceeds from capital grants	264,872	66,497	754,849
Proceeds from sale of assets	-0-	342,096	9,643
Principal payments on long-term debt	(5,146)	(4,804)	(4,486)
Interest paid on long-term debt	<u>(66,254)</u>	<u>(66,597)</u>	<u>(66,917)</u>
Net cash provided (used) by capital and related financing activities	<u>(492,351)</u>	<u>(1,336,785)</u>	<u>(360,554)</u>
Net increase (decrease) in cash and cash equivalents	(2,112,946)	413,009	303,554
Beginning cash and cash equivalents	<u>3,844,853</u>	<u>3,431,844</u>	<u>3,128,290</u>
Ending cash and cash equivalents	\$ <u>1,731,907</u>	\$ <u>3,844,853</u>	\$ <u>3,431,844</u>

See accompanying notes to financial statements.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combined Statements of Cash Flows (Continued)
Years Ended October 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	\$ <u>66,254</u>	\$ <u>66,597</u>	\$ <u>66,917</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ 1,073,307	\$ (10,591)	\$ 76,729
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,106,020	1,058,614	1,027,721
Loss of disposal of asset	90,554	-0-	-0-
Unrealized investment gains (losses)	-0-	(71,892)	32,801
Provision for bad debts	3,557,894	3,618,821	3,326,313
(Increase) decrease in:			
Net patient accounts receivable	(3,825,232)	(3,864,107)	(3,149,622)
Estimated third-party payor settlements	(826,460)	560,364	(85,292)
Other receivables	16,560	873,420	(104,879)
Inventory	74,831	(45,152)	45,152
Prepaid expenses	19,318	(18,812)	13,384
Increase (decrease) in:			
Accounts payable	(1,528)	(107,547)	(143,843)
Accrued expenses and withholdings payable	(21,448)	135,366	136,397
Estimated third-party payor settlements	(99,130)	99,130	(80,000)
Unearned revenue	<u>857,583</u>	<u>1,055,725</u>	<u>-0-</u>
Net cash provided (used) by operating activities	\$ <u>2,022,269</u>	\$ <u>3,283,339</u>	\$ <u>1,094,861</u>

See accompanying notes to financial statements.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

Pointe Coupee Hospital Service District No. 1 (referred to herein as "Pointe Coupee General Hospital" or the "District") was created by an ordinance of the Pointe Coupee Parish Police Jury on June 5, 1979. The District's area includes all of Pointe Coupee Parish, Louisiana.

The District is a political subdivision of the Pointe Coupee Parish Police Jury whose jurors are elected officials. The District's nine commissioners are appointed by the Pointe Coupee Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the Pointe Coupee Parish Police Jury is the financial reporting entity for the District. Accordingly, the District was determined to be a component unit of the Pointe Coupee Parish Police Jury based on Statement No. 14 of the National Committee on Governmental Accounting. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

An affiliate, Hospital Service District No. 1 of Pointe Coupee, Louisiana, Inc. (dba Maison Pointe Coupee Apartments) was incorporated as a Louisiana nonprofit corporation on July 21, 1999. On November 1, 2004, Pointe Coupee Homebound Health and Hospice (PCHHH) was transferred from the Hospital enterprise fund and became a separate enterprise fund of the District.

Nature of Business

The District provides outpatient, emergency, inpatient acute hospital services, skilled nursing (through "swing-beds"), as well as home health care and hospice services. It also provides services to the parish ambulance service, health unit, mental health unit, substance abuse unit and the Council on Aging. Its affiliate began providing elderly housing to local residents on April 5, 2002. On November 1, 2004, the Hospital converted to a 25 bed critical access hospital (CAH).

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of the Hospital Service District No. 1, Parish of Pointe Coupee as well as Maison Pointe Coupee Apartments. A separate enterprise fund was created November 1, 2004 for Pointe Coupee Homebound Health and Hospice. The District has control of its affiliate through common board members. All intercompany transactions and balances have been eliminated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Enterprise Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The District uses the accrual method of accounting. Under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, the Hospital has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989. Hospital accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guide set forth in the Louisiana Governmental Audit Guide, the AICPA Audit and Accounting Guide - Health Care Organizations, published by the American Institute of Certified Public Accountants, and standards set by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits in checking and money market accounts and certificates of deposit with original maturities of 90 days or less. Certificates of deposit with original maturities over 90 days are classified as short-term investments. Cash and cash equivalents and short-term investments are stated at cost, which approximates market value. The caption "cash and cash equivalents" does not include amounts whose use is limited or temporary cash investments.

Income Taxes

The entity is a political subdivision and exempt from taxation.

Credit Risk

The District provides medical care primarily to Pointe Coupee Parish residents and grants credit to patients, substantially all of whom are local residents.

The District's estimate of collectibility is based on an evaluation of historical collections compared to gross revenues and an analysis of aged accounts receivable to establish an allowance for uncollectible accounts.

Significant Concentration of Economic Dependence

The District has an economic dependence on a small number of staff physicians who admit over 90% of the District's patients. The District also has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 12. Accordingly, changes in federal or state legislation or interpretations of rules have a significant impact on the District.

Net Patient Service Revenue

The District has entered into agreements with third-party payors, including government programs, health insurance companies, and managed care health plans, under which the Hospital is paid based upon established charges, the cost of providing services, predetermined rates per diagnosis, fixed per diem rates, or discounts from established charges.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Patient Service Revenue (Continued)

Revenues are recorded at estimated amounts due from patients and third-party payors for the Hospital services provided. Settlements under reimbursement agreements with third-party payors are estimated and recorded in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Inventory

Inventory is stated at the lower of cost or market value. Cost is determined by the first-in, first-out method.

Capital Assets

Capital assets are recorded at cost for purchased assets or at fair market value on the date of any donation. The District uses straight-line method of determining depreciation for financial reporting and third-party reimbursement. The following estimated useful lives are generally used.

Buildings and Improvements	25 to 40 years
Machinery and Equipment	5 to 20 years
Furniture and Fixtures	5 to 15 years

Expenditures for additions, major renewals, and betterments are capitalized and expenditures for maintenance and repairs are charged to operations as incurred.

The cost of assets retired or otherwise disposed of and related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently.

Net Assets

Net assets of the District are classified in four components. Net assets invested in capital assets, net of related debt consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted expendable net assets are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. Restricted non expendable net assets equal the principal portion of permanent endowments. The District has no restricted expendable or non expendable net assets at this time. Unrestricted net assets are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted.

Revenue and Expenses

The District's statements of revenue, expenses, and changes in net assets distinguish between operating and nonoperating revenue and expenses. Operating revenues result from exchange transactions associated with providing health care services – the District's principal activity. Operating revenue also includes sales taxes passed to provide the District with revenue to operate and maintain the District. Nonexchange revenues are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contributions

From time to time, the District receives grants and contributions from the State of Louisiana, individuals or private and public organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as operating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year classifications.

Charity Care

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

NOTE 3 - DEPOSITS AND INVESTMENTS

Investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in direct obligations of the United States Government and its agencies pledged by its full faith and credit, certificates of deposit, and savings accounts which are secured by FDIC or pledge of securities, and government backed mutual or trust funds.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risks – Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the District be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The District's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the District's name at October 31, 2012, 2011, and 2010.

Interest Rate Risks – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates.

The carrying amounts of deposits and investments are included in the Hospital's balance sheets as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Carrying amount			
Deposits	\$ 3,410,902	\$ 5,521,509	\$ 5,091,871
Investments	<u>14,956,629</u>	<u>11,267,801</u>	<u>9,683,566</u>
	<u>\$ 18,367,531</u>	<u>\$ 16,789,310</u>	<u>\$ 14,775,437</u>
Included in the following balance sheet captions			
Cash and cash equivalents	\$ 1,731,907	\$ 3,844,853	\$ 3,431,844
Assets whose use is limited	1,678,995	1,676,656	1,660,027
Investments	<u>14,956,629</u>	<u>11,267,801</u>	<u>9,683,566</u>
	<u>\$ 18,367,531</u>	<u>\$ 16,789,310</u>	<u>\$ 14,775,437</u>

Account balances according to banks' records at October 31, 2012, for the Hospital are as follows:

	<u>Regions Bank</u>	<u>Merrill Lynch</u>
Cash in bank	\$ <u>1,597,487</u>	\$ <u>14,025,838</u>
Insured by FDIC	\$ <u>250,000</u>	\$ <u>30,146</u>
Collateralization by fair market value	\$ <u>1,347,487</u>	\$ <u>13,995,692</u>
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The District has 14% of its investments invested in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is a 2a7 like-investment pool. LAMP's portfolio includes only securities and other obligations in which the District is authorized to invest in accordance with LA – R.S. 33:2955.

Credit Risk – LAMP is rated AAAM by Standard & Poor's.

The District's investments are generally reported at fair value. At October 31, 2012, 2011, and 2010, the District had the following investments and maturities, all of which were held in the District's name by a custodial bank that is an agent of the District.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>Investment Maturities (In Years)</u>		
			<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
LAMP	\$ 2,210,600	\$ 2,210,600	\$ -0-	\$ -0-	\$ -0-
Federal National Mortgage Association	2,031,559	861,479	-0-	1,170,080	-0-
Federal Home Loan Mortgage Corporation	1,523,526	-0-	-0-	1,523,526	-0-
Federal Home Loan Mortgage	460,944	-0-	-0-	460,944	-0-
Federal Home Loan Bank	9,048,939	97,363	2,287,960	2,978,280	3,685,336
Federal Farm Credit Bank	834,025	-0-	834,025	-0-	-0-
Total	\$ 16,109,593	\$ 3,169,442	\$ 3,121,985	\$ 6,132,830	\$ 3,685,336

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>Investment Maturities (In Years)</u>		
			<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
LAMP	\$ 2,607,320	\$ 2,607,320	\$ -0-	\$ -0-	\$ -0-
Federal National Mortgage Association	2,129,170	64,220	2,064,950	-0-	-0-
Federal Home Loan Mortgage Corporation	3,043,436	-0-	954,441	2,088,995	-0-
Federal Home Loan Mortgage	440,683	-0-	-0-	440,683	-0-
Federal Home Loan Bank	2,161,119	70,157	2,090,962	-0-	-0-
Treasury Inflation	59,652	59,652	-0-	-0-	-0-
Total	\$ 10,441,380	\$ 2,801,349	\$ 5,110,353	\$ 2,529,678	\$ -0-

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

<u>October 31, 2010</u>		<u>Investment Maturities (In Years)</u>			
<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
LAMP	\$ 3,173,797	\$ 3,173,797	\$ -0-	\$ -0-	\$ -0-
Federal National Mortgage Association	980,769	-0-	980,769	-0-	-0-
Federal Home Loan Mortgage Corporation	2,328,354	397,801	967,254	963,299	-0-
Federal Farm Credit Bank	3,791,611	-0-	-0-	3,791,611	-0-
Federal Home Loan Bank	73,325	-0-	73,325	-0-	-0-
Treasury Inflation	59,380	-0-	59,380	-0-	-0-
Total	\$ <u>10,407,236</u>	\$ <u>3,571,598</u>	\$ <u>2,080,728</u>	\$ <u>4,754,910</u>	\$ <u>-0-</u>

NOTE 4 - ASSETS LIMITED AS TO USE

Assets limited as to use are summarized below. Investments are stated at cost that approximates market value.

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Limited by board for capital improvements	\$ 1,024,449	\$ 1,022,929	\$ 1,021,679
Limited by board for third-party payor contingencies	478,483	477,774	477,189
Limited by board for elderly housing project	<u>176,063</u>	<u>175,953</u>	<u>161,159</u>
Total	\$ <u>1,678,995</u>	\$ <u>1,676,656</u>	\$ <u>1,660,027</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 5 - ACCOUNTS RECEIVABLE

A summary of patient accounts receivable is presented below.

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Hospital patient receivables	\$ 3,676,616	\$ 3,089,855	\$ 2,904,844
Home Health patient receivables	286,527	320,287	236,458
Hospice patient receivables	<u>114,575</u>	<u>171,864</u>	<u>83,211</u>
	4,077,718	3,582,006	3,224,513
Estimated uncollectibles	<u>(1,977,860)</u>	<u>(1,749,486)</u>	<u>(1,637,279)</u>
Net patient accounts receivable	\$ <u>2,099,858</u>	\$ <u>1,832,520</u>	\$ <u>1,587,234</u>

The following is a summary of the mix of receivables from patients and third-party payors at October 31:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Medicare	23%	30%	28%
Medicaid	1%	3%	4%
Commercial and other third-party payors	39%	31%	29%
Patients	<u>37%</u>	<u>36%</u>	<u>39%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

NOTE 6 - CAPITAL ASSETS

The following is a summary of capital asset additions, retirements, and balances for the years ended October 31:

	October 31, <u>2011</u>	<u>Additions</u>	<u>Deductions</u>	October 31, <u>2012</u>
Land	\$ 1,859,295	\$ -0-	\$ -0-	\$ 1,859,295
Land improvements	74,590	-0-	-0-	74,590
Buildings & improvements	15,004,297	19,860	100,000	14,924,157
Equipment	<u>5,031,310</u>	<u>665,963</u>	<u>-0-</u>	<u>5,697,273</u>
Total	21,969,492	685,823	100,000	22,555,315
Accumulated depreciation	<u>10,938,654</u>	<u>1,106,020</u>	<u>9,446</u>	<u>12,035,228</u>
Net capital assets	\$ <u>11,030,838</u>	\$ <u>(420,197)</u>	\$ <u>90,554</u>	\$ <u>10,520,087</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 6 - CAPITAL ASSETS (Continued)

	<u>2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>2011</u>
Land	\$ 1,746,244	\$ 355,020	\$ 241,969	\$ 1,859,295
Land improvements	74,590	-0-	-0-	74,590
Buildings & improvements	13,281,964	1,722,333	-0-	15,004,297
Equipment	4,458,406	572,904	-0-	5,031,310
Construction in progress	<u>976,280</u>	<u>-0-</u>	<u>976,280</u>	<u>-0-</u>
Total	20,537,484	2,650,257	1,218,249	21,969,492
Accumulated depreciation	<u>9,880,040</u>	<u>1,058,614</u>	<u>-0-</u>	<u>10,938,654</u>
Net capital assets	\$ <u>10,657,444</u>	\$ <u>1,591,643</u>	\$ <u>1,218,249</u>	\$ <u>11,030,838</u>

	<u>2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>2010</u>
Land	\$ 1,746,244	\$ -0-	\$ -0-	\$ 1,746,244
Land improvements	74,590	-0-	-0-	74,590
Buildings & improvements	13,160,104	121,860	-0-	13,281,964
Equipment	4,351,543	179,187	72,324	4,458,406
Construction in progress	<u>223,684</u>	<u>752,596</u>	<u>-0-</u>	<u>976,280</u>
Total	19,556,165	1,053,643	72,324	20,537,484
Accumulated depreciation	<u>8,923,712</u>	<u>1,027,721</u>	<u>71,393</u>	<u>9,880,040</u>
Net capital assets	\$ <u>10,632,453</u>	\$ <u>25,922</u>	\$ <u>931</u>	\$ <u>10,657,444</u>

NOTE 7 - ACCRUED EXPENSES AND WITHHOLDINGS PAYABLE

A summary of accrued expenses follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Salaries and wages	\$ 363,918	\$ 385,579	\$ 331,836
Compensated absences	600,653	625,413	558,365
Payroll taxes and withholdings	210,702	186,150	171,697
Other accrued expenses	<u>11,540</u>	<u>11,119</u>	<u>10,997</u>
Total accrued expenses	\$ <u>1,186,813</u>	\$ <u>1,208,261</u>	\$ <u>1,072,895</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 8 - LONG-TERM DEBT

The following is a summary of the changes in long-term debt as of October 31:

	October 31, <u>2011</u>	<u>Additions</u>	<u>Payments</u>	October 31, <u>2012</u>	Due Within <u>One Year</u>
USDA note payable	\$ <u>966,451</u>	\$ <u>-0-</u>	\$ <u>5,146</u>	\$ <u>961,305</u>	\$ <u>5,511</u>
Total	\$ <u>966,451</u>	\$ <u>-0-</u>	\$ <u>5,146</u>	\$ <u>961,305</u>	\$ <u>5,511</u>
	October 31, <u>2010</u>	<u>Additions</u>	<u>Payments</u>	October 31, <u>2011</u>	Due Within <u>One Year</u>
USDA note payable	\$ <u>971,255</u>	\$ <u>-0-</u>	\$ <u>4,804</u>	\$ <u>966,451</u>	\$ <u>5,146</u>
Total	\$ <u>971,255</u>	\$ <u>-0-</u>	\$ <u>4,804</u>	\$ <u>966,451</u>	\$ <u>5,146</u>
	October 31, <u>2009</u>	<u>Additions</u>	<u>Payments</u>	October 31, <u>2010</u>	Due Within <u>One Year</u>
USDA note payable	\$ <u>975,741</u>	\$ <u>-0-</u>	\$ <u>4,486</u>	\$ <u>971,255</u>	\$ <u>4,805</u>
Total	\$ <u>975,741</u>	\$ <u>-0-</u>	\$ <u>4,486</u>	\$ <u>971,255</u>	\$ <u>4,805</u>

The following are the terms and due dates of the District's long-term debt at October 31:

USDA note payable at 6.875%, due in 359 monthly installments of \$5,952 through September 30, 2032, with the balance due at that date. The loan is collateralized by two parcels of land owned by the District.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 8 - LONG-TERM DEBT (Continued)

Scheduled principal and interest payments on long-term debt obligations are as follows:

<u>Year Ended October 31,</u>	<u>Long-term Debt Principal</u>	<u>Long-term Debt Interest</u>	<u>Total</u>
2013	\$ 5,511	\$ 65,913	\$ 71,424
2014	5,902	65,522	71,424
2015	6,321	65,103	71,424
2016	6,769	64,655	71,424
2017	7,249	64,175	71,424
2018-2022	44,674	312,446	357,120
2023-2027	62,938	294,182	357,120
2028-2032	<u>821,941</u>	<u>268,523</u>	<u>1,090,464</u>
Totals	\$ <u>961,305</u>	\$ <u>1,200,519</u>	\$ <u>2,161,824</u>

NOTE 9 - COMPENSATED ABSENCES

Upon completion of six months of employment, employees are eligible for paid time off (PTO). The amount in which each employee is entitled varies depending upon the job classification, length of service, number of hours worked each week, and other factors. A maximum of 300 hours may be carried over from year to year. Any excess must be paid or used by January 31, of a subsequent year. Vested PTO time has been recorded as a liability in the accompanying financial statements at the payroll rates in effect at the balance sheet date.

NOTE 10 - PENSION PLAN

The District participates in the Parochial Employees' Retirement System (a contributory, governmental, and multi-employer plan). Although the plan is obligated to the District's employees under a defined benefit formula, the District is obligated to the plan for a defined contribution amount (15.75%, 15.75%, and 15.75% of gross wages for 2012, 2011, and 2010, respectively). Employees also contribute 9.5% of salary to the plan. The District's pension plan expenses were \$1,237,265, \$1,204,975, and \$1,082,826 in 2012, 2011, and 2010, respectively.

There is no age exclusion for participation in the pension plan. An employee is vested after seven years of service. Withdrawal from the plan prior to the seven years results in refund of only the employee contribution, without interest.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 11 - CHARITY CARE

The Hospital provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of charity care or owe a per-diem based on the patient's level of income. Accordingly, the Hospital does not report the amounts it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The Hospital determines the cost associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. The cost of caring for charity care patients were approximately \$443,000, \$509,000 and \$665,000 for the years ended October 31, 2012, 2011 and 2010, respectively. Funds received through UCC and grants, which pay part of the cost of charity care and uninsured care, were approximately \$366,000, \$486,000 and \$405,000 for the years ended October 31, 2012, 2011 and 2010, respectively.

NOTE 12 - NET PATIENT SERVICE REVENUE

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows.

Medicare - Prior to November 1, 2004, inpatient acute care services rendered to Medicare program beneficiaries were paid at prospectively determined rates per discharge. These rates varied according to a patient classification system that was based on clinical, diagnostic, and other factors. Certain outpatient services related to Medicare beneficiaries were paid based on a set fee per diagnosis with a hold harmless provision for cost reimbursement. Effective November 1, 2004, the District became a Medicare "Critical Access Hospital" (CAH). This designation enables the District to receive cost based reimbursement for most services provided to Medicare beneficiaries on or after this date.

The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District. Home health services are reimbursed based upon a prospectively determined rate per episode. Hospice services are reimbursed based on a prospectively determined rate per day. The District's Medicare cost reports have been settled by the Medicare fiscal intermediary through October 31, 2009. The intermediary may reopen and further adjust any year within three years of the date of a Notice of Program Reimbursement.

Medicaid - Medicaid inpatient services are reimbursed based upon a prospectively determined per diem rate. Some Medicaid outpatient services are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. The District is reimbursed at a tentative rate for cost based services with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through October 31, 2009.

Commercial - The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 12 - NET PATIENT SERVICE REVENUE (Continued)

The following is a summary of the District's net patient service revenue for the years ended October 31:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Gross patient service charges	\$ 29,540,204	\$ 29,694,704	\$ 28,927,903
Medicare and Medicaid contractual adjustments	(3,075,781)	(4,927,253)	(4,702,913)
Provision for bad debt	(3,557,894)	(3,618,821)	(3,326,313)
Uncompensated care reimbursement	2,012,379	1,939,914	2,017,245
Physician fee revenue	999,271	-0-	-0-
Employee discounts	(27,798)	(32,264)	(26,245)
Charity care	(595,791)	(728,295)	(954,147)
Other contractual adjustments	<u>(5,521,416)</u>	<u>(4,160,491)</u>	<u>(4,077,315)</u>
Net patient service revenue	\$ <u>19,773,174</u>	\$ <u>18,167,494</u>	\$ <u>17,858,215</u>

The District receives a substantial portion of its revenues from the Medicare and Medicaid programs at discounted rates. The following is a summary of Medicare and Medicaid net patient service revenues for the years ended October 31:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Medicare and Medicaid gross patient charges	\$ 13,450,391	\$ 15,896,333	\$ 15,657,993
Contractual adjustments, net of UCC	<u>(1,063,402)</u>	<u>(2,987,339)</u>	<u>(2,685,668)</u>
Program patient service revenue	\$ <u>12,386,989</u>	\$ <u>12,908,994</u>	\$ <u>12,972,325</u>
Percent of total patient gross charges	<u>46%</u>	<u>54%</u>	<u>54%</u>
Percent of total net patient revenues	<u>63%</u>	<u>71%</u>	<u>73%</u>

NOTE 13 - GRANT REVENUE

The Hospital received a grant of \$330,302 and \$290,972 in 2012 and 2011, respectively, to be used solely to provide adequate and essential medically necessary health care services to the citizens in its community who are low income and/or indigent patients. As a condition of the grant agreement, the Hospital, along with the other participating hospitals, has agreed to indemnify the grantors for claims that may arise out of this grant agreement. Various other grants were received during the year for other uses.

The Hospital recognized operating grant income of approximately \$349,000 for Medicaid during the year ended October 31, 2012, as an incentive for implementing electronic health records (EHR). The key component of receiving the EHR incentive payment is "demonstrating meaningful use", which is meeting a series of objectives that make sure of an EHR's potential related to the improvement of quality, efficiency and patient

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 13 - GRANT REVENUE (Continued)

safety. The Centers for Medicare and Medicaid has indicated that demonstrating meaningful use will be NOTE phased in during the next few years in three stages, with each progressive stage incorporating more stringent measures. The Hospital's policy is to record the incentive payments once various stages have been met rather than recognizing ratably throughout the attestation period. In order to receive the incentive payments under each stage, a hospital must attest through a secure mechanism that they have met the meaningful use criteria. The EHR payments each year are based on management's best estimate. The payments can be retained and additional payments can be earned for each stage if the Hospital meets certain criteria in future implementation. The EHR incentive payments are reimbursed at a tentative rate with final settlement determined after submittal of the annual cost reports and audits thereof by the fiscal intermediaries.

NOTE 14 - PROFESSIONAL LIABILITY RISK

The District participates in the Louisiana Patient's Compensation Fund ("PCF") established by the State of Louisiana to provide professional medical liability coverage to health care providers. The fund provides for \$400,000 of coverage per occurrence above the first \$100,000 per occurrence for which the District is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of settlement for professional liability to \$100,000 per occurrence and limiting the PCF's exposure to \$400,000 per occurrence. Defense costs are not included in these amounts.

The District's membership in the Louisiana Hospital Association Trust Fund provides additional coverage for professional medical malpractice liability. The trust fund bills members in advance, based upon an estimate of their exposure. At policy year-end, premiums are redetermined utilizing actual losses of the District. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are pro-rated to member hospitals. The District has included these allocations and equity in the trust in its financial statements.

NOTE 15 - WORKMEN'S COMPENSATION

The District participates in the Louisiana Hospital Association Self-Insurance Workmen's Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the District may be assessed its pro-rata share of the resulting deficit. It is not possible to estimate the amount, if any, of additional assessments. The trust fund presumes to be a "Grantor Trust" and accordingly, income and expenses are pro-rated to member hospitals. The District has included these allocations and equity in the trust in its financial statements.

NOTE 16 - CONTINGENCIES

The District evaluates contingencies based upon the best available evidence. The District believes that no allowance for loss contingencies is considered necessary. To the extent that resolution of contingencies results in amounts which vary from the District's estimates, future earnings will be charged or credited. The principal contingencies are described below:

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 16 - CONTINGENCIES (Continued)

Governmental Third-Party Reimbursement Programs (Note 12) - The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be determined.

Further, in order to continue receiving reimbursement from the Medicare program, the District entered into an agreement with a government agent allowing the agent access to the District's Medicare patient medical records for purposes of making medical necessity and appropriate level of care determinations. The agent has the ability to deny reimbursement for Medicare patient claims which have already been paid to the District.

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, privacy, government healthcare program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Medicaid Uncompensated Cost - The District recorded revenue in the amounts of \$2,012,379, \$1,939,914 and \$2,017,245 for Medicaid and self-pay uncompensated care services (UCC) for the years ended October 31, 2012, 2011, and 2010, respectively, which represents 10%, 11%, and 11%, of the net patient service revenue. The interim amounts received are based upon uncompensated cost incurred in previous years. Current regulations require retroactive audit of the claimed uncompensated cost and comparison to the interim amounts paid by Medicaid in each fiscal year. Any overpayments will be recouped by Medicaid and the District has not made any provisions for such recoupments. Current regulation does not provide for settlement of underpayments by Medicaid. Management contends interim amounts paid reasonably estimate final settlement. To the extent Management's estimates differ from actual results, the differences will be used to adjust income for the period when differences arise. Future UCC payments are dependent upon State appropriations, which require annual approval by the State legislature. Should the State not fund or substantially change this program, it would have a significant impact on the Hospital's revenue.

Professional Liability Risk (Note 13) - The District is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund as well as for assessments by the Louisiana Hospital Association Trust Fund.

Workmen's Compensation Risk - The District participates in the Louisiana Hospital Association Self-Insurance Workmen's Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the District may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. Accordingly, the District is contingently liable for assessments by the Louisiana Hospital Association Trust Fund.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 16 - CONTINGENCIES (Continued)

Bonne Santé Center Obligation - The Board of Commissioners of Pointe Coupee Parish Hospital Service District No. 1, with consent from the District Attorney's office, approved payments to the Pointe Coupee Parish Police Jury for reimbursement of the Bonne Santé Center's expenditures. These payments are evaluated on a year to year basis. The District paid \$171,830, \$241,197, and \$180,953, for Bonne Santé Center's expenditures in 2012, 2011, and 2010, respectively.

Payments to Police Jury - During 2012, 2011, and 2010, the District transferred \$195,451, \$186,200, and \$201,200, respectively, to the Police Jury for the District's portion of 911 service. These transfers were funded from interest income.

Litigation and Other Matters - Various claims in the ordinary course of business are pending against the District. In the opinion of management and counsel, insurance is sufficient to cover adverse legal determinations in those cases where a liability can be measured.

NOTE 17 - BOARD OF COMMISSIONERS

The following schedule presents a list of the members of the Board of Commissioners of Pointe Coupee General Hospital at October 31, 2012.

Dr. Carl McLemore, M.D., Chairman
Mr. Maurice Picard, Vice Chairman
Ms. Janet Vosburg, Secretary
Dr. Donald Doucet, M.D., Finance Chair
Mr. Joseph Bergeron
Mr. Frank Foti
Mr. John Pourciau
Mr. William Vercher
Ms. Juliet Williams

These commissioners serve the District without compensation, per diem or reimbursement of expense, except actual cash out-of-pocket expenses incurred in the performance of their duties.

NOTE 18 - SALES TAX

On September 29, 1984, a 1% sales tax was renewed by the citizens of the parish for an indefinite term. The resolution provides that 50% of such tax shall be dedicated to the District. Those tax revenues are distributed to the parish Council on Aging. The remaining tax revenues are designated by the District to be distributed to hospital operations.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2012, 2011, and 2010

NOTE 19 - RELATED PARTY

The District has engaged in transactions with Innis Community Health Center, Inc., a 501(c)(3) corporation. The District has an economic interest in this entity through common board members. Those transactions consist of various expenses in the amount of \$26,697, \$30,205, and \$25,041 for October 31, 2012, 2011, and 2010, respectively.

The District has engaged in transactions with Pointe Coupee Better Access Community Health (BACH), a 501(c)(3) corporation. The District has an economic interest in this entity through common board members. Those transactions consist of various expenses in the amount of \$19,795, \$85,927, and \$202,547 for October 31, 2012, 2011, and 2010, respectively.

NOTE 20 - SUBSEQUENT EVENTS

Events have been evaluated through April 29 2013, for subsequent event disclosure. This date is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Schedules of Net Patient Service Revenue
Years Ended October 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Routine services:			
Adult and pediatric	\$ <u>1,169,256</u>	\$ <u>1,042,925</u>	\$ <u>1,031,080</u>
 Total routine services	 <u>1,169,256</u>	 <u>1,042,925</u>	 <u>1,031,080</u>
Other professional services:			
Operating room	837,653	868,233	757,525
Recovery room	-0-	14,064	25,610
Anesthesiology	282,163	257,850	254,300
Radiology	6,845,379	7,003,063	7,180,932
Laboratory	6,546,818	6,643,182	6,475,693
Cardio pulmonary	1,033,734	801,061	659,895
Physical therapy	1,416,375	1,378,662	1,376,236
Occupational therapy	248,117	148,574	133,946
Speech therapy	167,572	129,693	73,516
Medical supply	1,119,296	899,405	947,362
Pharmacy	1,357,251	1,411,856	1,277,346
Emergency service	5,677,814	5,891,270	5,544,624
Hospice	1,415,177	1,430,765	1,243,747
Wound care	28,927	20,655	202,069
Home health	<u>1,394,672</u>	<u>1,753,446</u>	<u>1,744,022</u>
 Total other professional services	 <u>28,370,948</u>	 <u>28,651,779</u>	 <u>27,896,823</u>
 Total patient service revenue	 <u>29,540,204</u>	 <u>29,694,704</u>	 <u>28,927,903</u>
Deductions from revenue:			
Medicare and Medicaid contractual adjustments	3,075,781	4,927,253	4,702,913
Provision for bad debt	3,557,894	3,618,821	3,326,313
Uncompensated care reimbursement	(2,012,379)	(1,939,914)	(2,017,245)
Physician fee revenue	(999,271)	-0-	-0-
Employee discounts	27,798	32,264	26,245
Charity care	595,791	728,295	954,147
Other contractual adjustments	<u>5,521,416</u>	<u>4,160,491</u>	<u>4,077,315</u>
 Total deductions from revenue	 <u>9,767,030</u>	 <u>11,527,210</u>	 <u>11,069,688</u>
 Net patient service revenue	 \$ <u>19,773,174</u>	 \$ <u>18,167,494</u>	 \$ <u>17,858,215</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Schedules of Other Revenue
Years Ended October 31,

	<u>2012</u>		<u>2011</u>		<u>2010</u>
Rent	\$ 432,440	\$	438,105	\$	401,530
Medical record abstracts	16,506		17,596		9,138
Cafeteria	137,502		114,303		97,526
Miscellaneous revenue	<u>60,200</u>		<u>22,787</u>		<u>92,269</u>
 Total other operating revenue	 \$ <u>646,648</u>	\$	 <u>592,791</u>	\$	 <u>600,463</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Schedules of Expenses – Salaries and Benefits
Years Ended October 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Salaries:			
Administration	\$ 1,182,411	\$ 1,135,113	\$ 1,087,621
Plant operations and maintenance	355,112	358,295	324,642
Laundry	58,543	49,660	37,696
Housekeeping	305,669	312,078	298,927
Dietary and cafeteria	295,687	284,896	269,633
Nursing administration	110,536	111,714	106,681
Medical records	226,680	226,229	240,474
Nursing services	1,875,552	1,704,443	1,564,966
Central supply	56,135	54,172	52,707
Operating room	128,181	165,305	152,509
Radiology	639,940	598,140	585,210
Laboratory	787,774	761,941	651,893
Cardio pulmonary	235,987	217,782	213,944
Pharmacy	213,233	197,146	177,339
Wound care	-0-	4,581	10,897
Emergency room	439,554	478,628	491,522
Home health	1,258,254	1,394,016	1,180,337
District	53,842	-0-	-0-
Health unit	110,440	89,815	49,407
Hospice	<u>730,340</u>	<u>752,840</u>	<u>697,928</u>
 Total salaries	 <u>9,063,870</u>	 <u>8,896,794</u>	 <u>8,194,333</u>
Benefits:			
Employee benefits	1,464,759	1,421,845	1,284,725
Hospitalization insurance	<u>790,484</u>	<u>766,979</u>	<u>718,364</u>
 Total benefits	 <u>2,255,243</u>	 <u>2,188,824</u>	 <u>2,003,089</u>
 Total salaries and benefits	 \$ <u>11,319,113</u>	 \$ <u>11,085,618</u>	 \$ <u>10,197,422</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Schedules of Expenses – Medical Supplies and Drugs
Years Ended October 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Nursing services	\$ 146,082	\$ 166,020	\$ 120,891
Operating room	24,527	55,190	61,849
Anesthesiology	1,552	2,638	5,150
Radiology	62,143	50,899	51,041
Laboratory and blood	756,548	770,317	932,473
Cardio pulmonary	76,007	77,012	87,106
Physical therapy	17,257	15,700	18,737
Central supply	131,479	113,719	100,107
Pharmacy	391,328	335,694	463,127
Emergency room	108,380	81,002	57,129
Wound care	-0-	1,127	3,803
Home health	41,078	59,640	46,297
Hospice	<u>123,778</u>	<u>97,360</u>	<u>93,482</u>
 Total medical supplies and drugs	 \$ <u>1,880,159</u>	 \$ <u>1,826,318</u>	 \$ <u>2,041,192</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Schedules of Expenses – Professional Fees
Years Ended October 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Nursing services	\$ 267,454	\$ 254,872	\$ 256,210
Operating room	1,060	5,085	13,387
Anesthesiology	136,060	124,930	120,100
Radiology	346,252	436,817	411,456
Laboratory and blood	367,854	395,595	423,419
Physical therapy	939,774	743,611	667,359
Cardio pulmonary	73,672	64,469	58,387
Pharmacy	12,397	3,565	5,544
Hospice	39,964	46,167	31,470
Wound care	-0-	2,021	2,100
Emergency room	780,095	734,706	662,499
Ambulance	26,206	26,747	18,000
Home health	121,709	127,042	190,439
Physician clinic	<u>10,293</u>	<u>28,575</u>	<u>21,138</u>
 Total professional fees	 \$ <u>3,122,790</u>	 \$ <u>2,994,202</u>	 \$ <u>2,881,508</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Schedules of Expenses – Other Expenses
Years Ended October 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Purchased services	\$ 1,609,346	\$ 1,207,925	\$ 1,564,770
Medical specialist	6,250	8,650	8,600
Collection fees	44,185	45,655	46,022
Supplies	575,631	558,991	518,661
Repairs and maintenance	266,537	223,061	195,949
Utilities	320,287	318,017	323,190
Telephone	89,683	57,348	52,089
Travel	170,125	190,055	171,347
Rentals	161,054	149,628	147,717
Advertising	99,183	80,948	53,614
Dues and subscriptions	104,604	95,270	108,871
Bonne Santé	80,124	239,146	180,632
Inter-governmental transfer	242,309	-0-	-0-
Miscellaneous	<u>331,313</u>	<u>175,928</u>	<u>215,382</u>
 Total other expenses	 \$ <u>4,100,631</u>	 \$ <u>3,350,622</u>	 \$ <u>3,586,844</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Balance Sheets
October 31, 2012

	Pointe Coupee General Hospital	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee Apartments	Eliminating Entries	Combined
<u>Assets</u>					
Current assets:					
Cash and cash equivalents (Note 3)	\$ 1,673,445	\$ (37,361)	\$ 95,823	\$ -0-	\$ 1,731,907
Patient accounts receivable, net of estimated uncollectibles (Note 5)	1,766,347	332,448	1,063	-0-	2,099,858
Estimated third-party payor settlements	1,112,242	-0-	-0-	-0-	1,112,242
Other receivables	48,648	26,933	-0-	(26,933)	48,648
Inventory	503,287	15,280	-0-	-0-	518,567
Prepaid expenses	<u>116,518</u>	<u>-0-</u>	<u>793</u>	<u>-0-</u>	<u>117,311</u>
Total current assets	5,220,487	337,300	97,679	(26,933)	5,628,533
Assets limited as to use (Note 4)	1,502,932	-0-	176,063	-0-	1,678,995
Capital assets, net (Note 6)	8,938,040	37,534	1,544,513	-0-	10,520,087
Other assets:					
Investments	14,731,362	2,744	-0-	-0-	14,734,106
LHA investment	<u>222,523</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>222,523</u>
Total assets	\$ <u>30,615,344</u>	\$ <u>377,578</u>	\$ <u>1,818,255</u>	\$ <u>(26,933)</u>	\$ <u>32,784,244</u>
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable	\$ 453,112	\$ 59,489	\$ 3,557	\$ (26,933)	\$ 489,225
Accrued expenses and withholdings payable (Note 7)	987,248	188,025	11,540	-0-	1,186,813
Estimated third-party payor	80,000	-0-	-0-	-0-	80,000
Unearned UCC	1,913,308	-0-	-0-	-0-	1,913,308
Current maturities of long-term debt (Note 8)	<u>-0-</u>	<u>-0-</u>	<u>5,511</u>	<u>-0-</u>	<u>5,511</u>
Total current liabilities	\$ 3,433,668	\$ 247,514	\$ 20,608	\$ (26,933)	\$ 3,674,857

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Balance Sheets (Continued)
October 31, 2012

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee <u>Apartments</u>	Eliminating <u>Entries</u>	<u>Combined</u>
Long-term debt, net of current maturities (Note 8)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>955,794</u>	\$ <u>-0-</u>	\$ <u>955,794</u>
Total liabilities	<u>3,433,668</u>	<u>247,514</u>	<u>976,402</u>	<u>(26,933)</u>	<u>4,630,651</u>
Net assets:					
Invested in capital assets, net of related debt	8,938,040	37,534	583,208	-0-	9,558,782
Unrestricted net assets	<u>18,243,636</u>	<u>92,530</u>	<u>258,645</u>	<u>-0-</u>	<u>18,594,811</u>
Total net assets	<u>27,181,676</u>	<u>130,064</u>	<u>841,853</u>	<u>-0-</u>	<u>28,153,593</u>
Total liabilities and net assets	\$ <u>30,615,344</u>	\$ <u>377,578</u>	\$ <u>1,818,255</u>	\$ <u>(26,933)</u>	\$ <u>32,784,244</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Balance Sheets
October 31, 2011

<u>Assets</u>	<u>Pointe Coupee General Hospital</u>	<u>Pointe Coupee Home Health & Hospice</u>	<u>Maison Pointe Coupee Apartments</u>	<u>Eliminating Entries</u>	<u>Combined</u>
Current assets:					
Cash and cash equivalents (Note 3)	\$ 3,649,658	\$ 140,337	\$ 54,858	\$ -0-	\$ 3,844,853
Patient accounts receivable, net of estimated uncollectibles (Note 5)	1,407,018	425,502	-0-	-0-	1,832,520
Estimated third-party payor settlements	285,782	-0-	-0-	-0-	285,782
Other receivables	65,208	56,846	-0-	(56,846)	65,208
Inventory	574,061	19,337	-0-	-0-	593,398
Prepaid expenses	<u>114,309</u>	<u>22,320</u>	<u>-0-</u>	<u>-0-</u>	<u>136,629</u>
Total current assets	6,096,036	664,342	54,858	(56,846)	6,758,390
Assets limited as to use (Note 4)	1,500,703	-0-	175,953	-0-	1,676,656
Capital assets, net (Note 6)	9,383,238	66,027	1,581,573	-0-	11,030,838
Other assets:					
Investments	10,612,588	432,690	-0-	-0-	11,045,278
LHA investment	<u>222,523</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>222,523</u>
Total assets	\$ <u>27,815,088</u>	\$ <u>1,163,059</u>	\$ <u>1,812,384</u>	\$ <u>(56,846)</u>	\$ <u>30,733,685</u>
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable	\$ 484,533	\$ 60,065	\$ 3,001	\$ (56,846)	\$ 490,753
Accrued expenses and withholdings payable (Note 7)	907,201	289,941	11,119	-0-	1,208,261
Estimated third-party payor	179,130	-0-	-0-	-0-	179,130
Unearned UCC	1,055,725	-0-	-0-	-0-	1,055,725
Current maturities of long-term debt (Note 8)	<u>-0-</u>	<u>-0-</u>	<u>5,146</u>	<u>-0-</u>	<u>5,146</u>
Total current liabilities	\$ 2,626,589	\$ 350,006	\$ 19,266	\$ (56,846)	\$ 2,939,015

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Balance Sheets (Continued)
October 31, 2011

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee <u>Apartments</u>	Eliminating <u>Entries</u>	<u>Combined</u>
Long-term debt, net of current maturities (Note 8)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>961,305</u>	\$ <u>-0-</u>	\$ <u>961,305</u>
Total liabilities	<u>2,626,589</u>	<u>350,006</u>	<u>980,571</u>	<u>(56,846)</u>	<u>3,900,320</u>
Net assets:					
Invested in capital assets, net of related debt	9,383,238	66,027	615,122	-0-	10,064,387
Unrestricted net assets	<u>15,805,261</u>	<u>747,026</u>	<u>216,691</u>	<u>-0-</u>	<u>16,768,978</u>
Total net assets	<u>25,188,499</u>	<u>813,053</u>	<u>831,813</u>	<u>-0-</u>	<u>26,833,365</u>
Total liabilities and net assets	\$ <u>27,815,088</u>	\$ <u>1,163,059</u>	\$ <u>1,812,384</u>	\$ <u>(56,846)</u>	\$ <u>30,733,685</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Balance Sheets
October 31, 2010

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee <u>Apartments</u>	Eliminating <u>Entries</u>	<u>Combined</u>
<u>Assets</u>					
Current assets:					
Cash and cash equivalents (Note 3)	\$ 3,335,241	\$ 76,803	\$ 19,800	\$ -0-	\$ 3,431,844
Patient accounts receivable, net of estimated uncollectibles (Note 5)	1,267,565	319,669	-0-	-0-	1,587,234
Estimated third-party payor settlements	846,146	-0-	-0-	-0-	846,146
Other receivables	938,628	15,626	-0-	(15,626)	938,628
Inventory	530,754	17,492	-0-	-0-	548,246
Prepaid expenses	<u>109,357</u>	<u>6,977</u>	<u>1,483</u>	<u>-0-</u>	<u>117,817</u>
Total current assets	7,027,691	436,567	21,283	(15,626)	7,469,915
Assets limited as to use (Note 4)	1,498,868	-0-	161,159	-0-	1,660,027
Capital assets, net (Note 6)	8,949,300	88,307	1,619,837	-0-	10,657,444
Other assets:					
Investments	8,389,241	1,071,802	-0-	-0-	9,461,043
LHA investment	<u>222,523</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>222,523</u>
Total assets	\$ <u>26,087,623</u>	\$ <u>1,596,676</u>	\$ <u>1,802,279</u>	\$ <u>(15,626)</u>	\$ <u>29,470,952</u>
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable	\$ 560,420	\$ 53,506	\$ -0-	\$ (15,626)	\$ 598,300
Accrued expenses and withholdings payable (Note 7)	804,185	257,713	10,997	-0-	1,072,895
Estimated third-party payor	80,000	-0-	-0-	-0-	80,000
Current maturities of long-term debt (Note 8)	<u>-0-</u>	<u>-0-</u>	<u>4,805</u>	<u>-0-</u>	<u>4,805</u>
Total current liabilities	\$ 1,444,605	\$ 311,219	\$ 15,802	\$ (15,626)	\$ 1,756,000

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Balance Sheets (Continued)
October 31, 2010

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee <u>Apartments</u>	Eliminating <u>Entries</u>	<u>Combined</u>
Long-term debt, net of current maturities (Note 8)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>966,450</u>	\$ <u>-0-</u>	\$ <u>966,450</u>
Total liabilities	<u>1,444,605</u>	<u>311,219</u>	<u>982,252</u>	<u>(15,626)</u>	<u>2,722,450</u>
Net assets:					
Invested in capital assets, net of related debt	8,949,300	88,307	648,582	-0-	9,686,189
Unrestricted net assets	<u>15,693,718</u>	<u>1,197,150</u>	<u>171,445</u>	<u>-0-</u>	<u>17,062,313</u>
Total net assets	<u>24,643,018</u>	<u>1,285,457</u>	<u>820,027</u>	<u>-0-</u>	<u>26,748,502</u>
Total liabilities and net assets	\$ <u>26,087,623</u>	\$ <u>1,596,676</u>	\$ <u>1,802,279</u>	\$ <u>(15,626)</u>	\$ <u>29,470,952</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Statements of Revenue, Expenses, and Changes in Net Assets
Year Ended October 31, 2012

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee <u>Apartments</u>	Eliminating <u>Entries</u>	<u>Combined</u>
Revenue:					
Net patient service revenue	\$ 16,982,105	\$ 2,791,069	\$ -0-	\$ -0-	\$ 19,773,174
Sales tax revenue	1,939,211	-0-	-0-	-0-	1,939,211
Donations	-0-	5,551	-0-	-0-	5,551
Grants	679,099	-0-	-0-	-0-	679,099
Other operating revenue	<u>298,109</u>	<u>287,303</u>	<u>297,093</u>	<u>(235,857)</u>	<u>646,648</u>
Total revenue	<u>19,898,524</u>	<u>3,083,923</u>	<u>297,093</u>	<u>(235,857)</u>	<u>23,043,683</u>
Expenses:					
Salaries and benefits	8,776,396	2,488,096	54,621	-0-	11,319,113
Medical supplies and drugs	1,722,105	158,054	-0-	-0-	1,880,159
Insurance	342,884	82,425	16,354	-0-	441,663
Professional fees	2,972,589	150,201	-0-	-0-	3,122,790
Depreciation	1,016,024	33,550	56,446	-0-	1,106,020
Other expenses	<u>3,380,889</u>	<u>862,221</u>	<u>93,378</u>	<u>(235,857)</u>	<u>4,100,631</u>
Total expenses	<u>18,210,887</u>	<u>3,774,547</u>	<u>220,799</u>	<u>(235,857)</u>	<u>21,970,376</u>
Operating income (loss)	<u>1,687,637</u>	<u>(690,624)</u>	<u>76,294</u>	<u>-0-</u>	<u>1,073,307</u>
Nonoperating income (loss):					
Investment income	243,479	275	-0-	-0-	243,754
Interest expense	-0-	-0-	(66,254)	-0-	(66,254)
Payments to Police Jury	<u>(195,451)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(195,451)</u>
Nonoperating income (loss), net	<u>48,028</u>	<u>275</u>	<u>(66,254)</u>	<u>-0-</u>	<u>(17,951)</u>
Excess of revenues (expenses) before capital grants	1,735,665	(690,349)	10,040	-0-	1,055,356
Capital grants	<u>257,512</u>	<u>7,360</u>	<u>-0-</u>	<u>-0-</u>	<u>264,872</u>
Excess of revenues (expenses)	1,993,177	(682,989)	10,040	-0-	1,320,228
Other comprehensive income					
Unrealized investment gains (losses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Comprehensive income (loss)	1,993,177	(682,989)	10,040	-0-	1,320,228
Net assets at beginning of year	<u>25,188,499</u>	<u>813,053</u>	<u>831,813</u>	<u>-0-</u>	<u>26,833,365</u>
Net assets at end of year	\$ <u>27,181,676</u>	\$ <u>130,064</u>	\$ <u>841,853</u>	\$ <u>-0-</u>	\$ <u>28,153,593</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Statements of Revenue, Expenses, and Changes in Net Assets
Year Ended October 31, 2011

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee <u>Apartments</u>	Eliminating <u>Entries</u>	<u>Combined</u>
Revenue:					
Net patient service revenue	\$ 15,049,933	\$ 3,117,561	\$ -0-	\$ -0-	\$ 18,167,494
Sales tax revenue	1,683,342	-0-	-0-	-0-	1,683,342
Donations	-0-	-0-	-0-	-0-	-0-
Grants	290,972	-0-	-0-	-0-	290,972
Other operating revenue	<u>281,002</u>	<u>267,557</u>	<u>296,440</u>	<u>(252,208)</u>	<u>592,791</u>
Total revenue	<u>17,305,249</u>	<u>3,385,118</u>	<u>296,440</u>	<u>(252,208)</u>	<u>20,734,599</u>
Expenses:					
Salaries and benefits	8,368,868	2,660,818	55,932	-0-	11,085,618
Medical supplies and drugs	1,676,960	149,358	-0-	-0-	1,826,318
Insurance	345,819	68,786	15,211	-0-	429,816
Professional fees	2,853,316	140,886	-0-	-0-	2,994,202
Depreciation	967,557	35,917	55,140	-0-	1,058,614
Other expenses	<u>2,695,785</u>	<u>815,271</u>	<u>91,774</u>	<u>(252,208)</u>	<u>3,350,622</u>
Total expenses	<u>16,908,305</u>	<u>3,871,036</u>	<u>218,057</u>	<u>(252,208)</u>	<u>20,745,190</u>
Operating income (loss)	<u>396,944</u>	<u>(485,918)</u>	<u>78,383</u>	<u>-0-</u>	<u>(10,591)</u>
Nonoperating income (loss):					
Investment income	247,614	5,905	-0-	-0-	253,519
Interest expense	-0-	-0-	(66,597)	-0-	(66,597)
Gain (loss) on disposal of assets	100,127	-0-	-0-	-0-	100,127
Payments to Police Jury	<u>(186,200)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(186,200)</u>
Nonoperating income (loss), net	<u>161,541</u>	<u>5,905</u>	<u>(66,597)</u>	<u>-0-</u>	<u>100,849</u>
Excess of revenues (expenses) before capital grants	558,485	(480,013)	11,786	-0-	90,258
Capital grants	<u>58,888</u>	<u>7,609</u>	<u>-0-</u>	<u>-0-</u>	<u>66,497</u>
Excess of revenues (expenses)	617,373	(472,404)	11,786	-0-	156,755
Other comprehensive income					
Unrealized investment gains (losses)	<u>(71,892)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(71,892)</u>
Comprehensive income (loss)	545,481	(472,404)	11,786	-0-	84,863
Net assets at beginning of year	<u>24,643,018</u>	<u>1,285,457</u>	<u>820,027</u>	<u>-0-</u>	<u>26,748,502</u>
Net assets at end of year	\$ <u>25,188,499</u>	\$ <u>813,053</u>	\$ <u>831,813</u>	\$ <u>-0-</u>	\$ <u>26,833,365</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Statements of Revenue, Expenses, and Changes in Net Assets
Year Ended October 31, 2010

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee <u>Apartments</u>	Eliminating <u>Entries</u>	<u>Combined</u>
Revenue:					
Net patient service revenue	\$ 14,946,546	\$ 2,911,669	\$ -0-	\$ -0-	\$ 17,858,215
Sales tax revenue	1,781,959	-0-	-0-	-0-	1,781,959
Donations	-0-	174	-0-	-0-	174
Other operating revenue	<u>261,011</u>	<u>78,985</u>	<u>260,467</u>	<u>-0-</u>	<u>600,463</u>
Total revenue	<u>16,989,516</u>	<u>2,990,828</u>	<u>260,467</u>	<u>-0-</u>	<u>20,240,811</u>
Expenses:					
Salaries and benefits	7,830,009	2,303,385	64,028	-0-	10,197,422
Medical supplies and drugs	1,902,496	138,696	-0-	-0-	2,041,192
Insurance	342,281	67,703	19,411	-0-	429,395
Professional fees	2,740,788	140,720	-0-	-0-	2,881,508
Depreciation	940,794	34,388	52,539	-0-	1,027,721
Other expenses	<u>2,715,085</u>	<u>778,353</u>	<u>93,406</u>	<u>-0-</u>	<u>3,586,844</u>
Total expenses	<u>16,471,453</u>	<u>3,463,245</u>	<u>229,384</u>	<u>-0-</u>	<u>20,164,082</u>
Operating income (loss)	<u>518,063</u>	<u>(472,417)</u>	<u>31,083</u>	<u>-0-</u>	<u>76,729</u>
Nonoperating income (loss):					
Investment income	240,342	1,439	-0-	-0-	241,781
Interest expense	-0-	-0-	(66,917)	-0-	(66,917)
Gain (loss) on disposal of assets	8,712	-0-	-0-	-0-	8,712
Payments to Police Jury	<u>(201,200)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(201,200)</u>
Nonoperating income (loss), net	<u>47,854</u>	<u>1,439</u>	<u>(66,917)</u>	<u>-0-</u>	<u>(17,624)</u>
Excess of revenues (expenses) before capital grants	565,917	(470,978)	(35,834)	-0-	59,105
Capital grants	<u>659,866</u>	<u>94,983</u>	<u>-0-</u>	<u>-0-</u>	<u>754,849</u>
Excess of revenues (expenses)	1,225,783	(375,995)	(35,834)	-0-	813,954
Other comprehensive income					
Unrealized investment gains (losses)	<u>32,801</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>32,801</u>
Comprehensive income (loss)	1,258,584	(375,995)	(35,834)	-0-	846,755
Net assets at beginning of year	<u>23,384,434</u>	<u>1,661,452</u>	<u>855,861</u>	<u>-0-</u>	<u>25,901,747</u>
Net assets at end of year	\$ <u>24,643,018</u>	\$ <u>1,285,457</u>	\$ <u>820,027</u>	\$ <u>-0-</u>	\$ <u>26,748,502</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Statements of Operations by Service Component
Year Ended October 31, 2012

	Hospital	COA*	Home Health & Hospice	BACH***	District Summary				Elderly Housing	District**	Total
					Substance Abuse	Innlis					
Revenue:											
Net patient service revenue	\$ 16,982,105	\$ -0-	\$ 2,791,069	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 19,773,174
Sales tax revenue	1,939,211	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,939,211
Donations	-0-	-0-	5,551	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,551
Grants	679,099	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	679,099
Other	190,362	-0-	51,446	-0-	-0-	-0-	-0-	297,093	107,747	107,747	646,648
Total revenue	19,790,777	-0-	2,848,066	-0-	-0-	-0-	-0-	297,093	107,747	107,747	23,043,683
Expenses:											
Salaries and benefits	8,654,753	-0-	2,488,096	-0-	-0-	-0-	-0-	54,621	121,643	121,643	11,319,113
Medical supplies and drugs	1,722,105	-0-	158,054	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,880,159
Insurance	342,884	-0-	82,425	-0-	-0-	-0-	-0-	16,354	-0-	-0-	441,663
Professional fees	2,954,426	-0-	150,201	-0-	-0-	-0-	-0-	-0-	18,163	18,163	3,122,790
Depreciation	888,043	-0-	33,550	-0-	-0-	-0-	-0-	56,446	113,378	113,378	1,106,020
Other expenses	2,273,854	279,328	862,221	-0-	171,830	12,094	-0-	93,378	407,926	407,926	4,100,631
Total expenses	16,836,065	279,328	3,774,547	-0-	171,830	26,697	-0-	220,799	661,110	661,110	21,970,376
Operating income (loss)	2,954,712	(279,328)	(926,481)	-0-	(171,830)	(26,697)	-0-	76,294	(553,363)	(553,363)	1,073,307
Nonoperating income (loss):											
Investment income	243,479	-0-	275	-0-	-0-	-0-	-0-	-0-	-0-	-0-	243,754
Interest expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(66,254)	-0-	-0-	(66,254)
Gain (loss) on disposal of asset	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Payments to Police Jury	(195,451)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(195,451)
Nonoperating income (loss), net	48,028	-0-	275	-0-	-0-	-0-	-0-	(66,254)	-0-	-0-	(17,951)
Excess of revenues (expenses) before capital grants	3,002,740	(279,328)	(926,206)	-0-	(171,830)	(26,697)	-0-	10,040	(553,363)	(553,363)	1,055,356
Capital grants	264,872	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	264,872
Excess of revenues (expenses)	\$ 3,267,612	\$ (279,328)	\$ (926,206)	\$ -0-	\$ (171,830)	\$ (26,697)	\$ -0-	\$ 10,040	\$ (553,363)	\$ (553,363)	\$ 1,320,228

* Council on Aging

** Remaining non-hospital activities of the District

***BACH Pointe Coupee Better Access Community Health

Hospital Service District No.1
Of the Parish of Pointe Coupee and Affiliate
Combining Statements of Operations by Service Component
Year Ended October 31, 2011

	Hospital	COA*	Home Health & Hospice	BACH***	Substance Abuse	Inns	Elderly Housing	District**	Total
Revenue:									
Net patient service revenue	\$ 15,049,933	\$ -0-	\$ 3,117,561	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 18,167,494
Sales tax revenue	1,683,342	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,683,342
Grants	290,972	-0-	-0-	-0-	-0-	-0-	-0-	-0-	290,972
Other	180,145	-0-	15,349	-0-	-0-	-0-	296,440	100,857	592,791
Total revenue	17,204,392	-0-	3,132,910	-0-	-0-	-0-	296,440	100,857	20,734,599
Expenses:									
Salaries and benefits	8,264,968	-0-	2,660,818	-0-	-0-	-0-	55,932	103,900	11,085,618
Medical supplies and drugs	1,676,960	-0-	149,358	-0-	-0-	-0-	-0-	-0-	1,826,318
Insurance	345,819	-0-	68,786	-0-	-0-	-0-	15,211	-0-	429,816
Professional fees	2,773,590	-0-	140,886	79,726	-0-	-0-	-0-	-0-	2,994,202
Depreciation	839,137	-0-	35,917	-0-	-0-	14,603	55,140	113,817	1,058,614
Other expenses	1,643,118	189,874	815,271	6,201	241,197	15,602	91,774	347,585	3,350,622
Total expenses	15,543,592	189,874	3,871,036	85,927	241,197	30,205	218,057	565,302	20,745,190
Operating income (loss)	1,660,800	(189,874)	(738,126)	(85,927)	(241,197)	(30,205)	78,383	(464,445)	(10,591)
Nonoperating income (loss):									
Investment income	247,614	-0-	5,905	-0-	-0-	-0-	-0-	-0-	253,519
Interest expense	-0-	-0-	-0-	-0-	-0-	-0-	(66,597)	-0-	(66,597)
Gain (loss) on disposal of asset	100,127	-0-	-0-	-0-	-0-	-0-	-0-	-0-	100,127
Payments to Police Jury	(186,200)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(186,200)
Nonoperating income (loss), net	161,541	-0-	5,905	-0-	-0-	-0-	(66,597)	-0-	100,849
Excess of revenues (expenses) before capital grants	1,822,341	(189,874)	(732,221)	(85,927)	(241,197)	(30,205)	11,786	(464,445)	90,258
Capital grants	66,497	-0-	-0-	-0-	-0-	-0-	-0-	-0-	66,497
Excess of revenues (expenses)	\$ 1,888,838	\$ (189,874)	\$ (732,221)	\$ (85,927)	\$ (241,197)	\$ (30,205)	\$ 11,786	\$ (464,445)	\$ 156,755

* Council on Aging

** Remaining non-hospital activities of the District

*** BACH Pointe Coupee Better Access Community Health

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Statements of Operations by Service Component
Year Ended October 31, 2010

	Hospital	COA*	Home Health & Hospice	BACH***	District Summary—Substance Abuse	Innis	Elderly Housing	District**	Total
Revenue:									
Net patient service revenue	\$ 14,946,546	\$ -0-	\$ 2,911,669	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 17,858,215
Sales tax revenue	1,781,959	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,781,959
Donations	-0-	-0-	174	-0-	-0-	-0-	-0-	-0-	174
Other	160,353	-0-	78,985	-0-	-0-	-0-	260,467	100,658	600,463
Total revenue	16,888,858	-0-	2,990,828	-0-	-0-	-0-	260,467	100,658	20,240,811
Expenses:									
Salaries and benefits	7,765,661	-0-	2,303,385	-0-	-0-	-0-	64,028	64,348	10,197,422
Medical supplies and drugs	1,902,496	-0-	138,696	-0-	-0-	-0-	-0-	-0-	2,041,192
Insurance	342,281	-0-	67,703	-0-	-0-	-0-	19,411	-0-	429,395
Professional fees	2,542,775	-0-	140,720	198,013	-0-	-0-	-0-	-0-	2,881,508
Depreciation	811,880	-0-	34,388	-0-	-0-	14,603	52,539	114,311	1,027,721
Other expenses	2,169,138	189,821	778,353	4,534	180,953	10,438	93,406	160,201	3,586,844
Total expenses	15,534,231	189,821	3,463,245	202,547	180,953	25,041	229,384	338,860	20,164,082
Operating income (loss)	1,354,627	(189,821)	(472,417)	(202,547)	(180,953)	(25,041)	31,083	(238,202)	76,729
Nonoperating income (loss):									
Investment income	240,342	-0-	1,439	-0-	-0-	-0-	-0-	-0-	241,781
Interest expense	-0-	-0-	-0-	-0-	-0-	-0-	(66,917)	-0-	(66,917)
Gain (loss) on disposal of asset	8,712	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,712
Payments to Police Jury	(201,200)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(201,200)
Nonoperating income (loss), net	47,854	-0-	1,439	-0-	-0-	-0-	(66,917)	-0-	(17,624)
Excess of revenues (expenses) before capital grants	1,402,481	(189,821)	(470,978)	(202,547)	(180,953)	(25,041)	(35,834)	(238,202)	59,105
Capital grants	659,866	-0-	94,983	-0-	-0-	-0-	-0-	-0-	754,849
Excess of revenues (expenses)	\$ 2,062,347	\$ (189,821)	\$ (375,995)	\$ (202,547)	\$ (180,953)	\$ (25,041)	\$ (35,834)	\$ (238,202)	\$ 813,954

* Council on Aging

** Remaining non-hospital activities of the District

*** BACH Pointe Coupee Better Access Community Health



LESTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

3600 Bayou Rapides Rd. • Alexandria, LA 71303

Members:

American Institute of CPA's

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Brenda J. Lloyd, CPA

Emily C. Lohman, CPA

Mailing Address: Post Office Box 8758 • Alexandria, Louisiana 71306-1758 • Telephone (318) 487-1450 • Facsimile (318) 445-1184

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Hospital Service District No. 1
Parish of Pointe Coupee, State of Louisiana
New Roads, Louisiana

We have audited the consolidated financial statements of the Hospital Service District No. 1, Parish of Pointe Coupee, (the "District" or the "Hospital") as of and for the years ended October 31, 2012, 2011, and 2010 and have issued our report thereon dated April 29, 2013. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the District's internal control to be significant deficiencies: 2012-1, 2012-2 and 2012-3.

Board of Commissioners
Hospital Service District No. 1
Parish of Pointe Coupee, State of Louisiana
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Board of Commissioners, and the office of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Leita, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

April 29, 2013



POINTE COUPEE GENERAL HOSPITAL
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED OCTOBER 31, 2012

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified – No
- Significant deficiencies identified – Yes

Compliance:

- Noncompliance issues noted – No

Management letter issued – No

Federal Awards – Not applicable

Section II. Financial Statement Findings

FINDING 2012-1 - Draft of Financial Statements

Finding: In the past, the auditors were able to draft the financial statements with management accepting responsibility. Effective for financial statements ending on or after December 15, 2006, SAS 112 now requires management to ensure propriety and completeness of the financial statements and related footnotes. The staff responsible for preparation of financial statements and related footnote disclosures in accordance with generally accepted accounting principles (GAAP) lacks the resources necessary internally to complete the reporting requirements.

Recommendation: Management should either (a) obtain the resources necessary to internally prepare or review the auditors' preparation of the Hospital's financial statements and related footnote disclosures in accordance with GAAP, or (b) determine if the cost overrides the benefit of correcting this control deficiency.

Response: Management has considered the recommendation and concluded that the implementation cost is greater than the benefit derived from correcting the control deficiency.

FINDING 2012-2 - Segregation of Duties

Finding: Due to a limited number of available employees, there is not a complete segregation of duties in all accounting, recording and custody functions.

Recommendation: We recommend that duties be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes 1) separating transaction authorization from custody of related assets; 2) separating transaction recording from general ledger posting and maintenance; 3) separating operations responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review.

POINTE COUPEE GENERAL HOSPITAL
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED OCTOBER 31, 2012

Section II. Financial Statement Findings (Continued)

FINDING 2012-2 - Segregation of Duties (Continued)

Response: Management will continue to segregate duties as much as possible and will closely supervise and review duties to prevent errors.

FINDING 2012-03 - Estimate of Cost Report Receivable

Finding: The Hospital did not record an accurate estimate for the current year Medicare and Louisiana Medicaid cost report settlement. Since interim reimbursement rates were understated, the amount due from Medicare and Louisiana Medicaid and the related revenue were materially understated.

Recommendation: An interim cost report projection should be made and an estimate of the Medicare and Medicaid cost report should be recorded to accurately reflect the revenue.

Response: Management will make a mid-year projection based on current cost report data to more accurately determine cost report receivable/payable and related contractual allowances.

POINTE COUPEE GENERAL HOSPITAL
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED OCTOBER 31, 2012

Section I. Financial Statement Findings

2011-01 - Draft of Financial Statements

Fiscal Year Initially Reported: October 31, 2007

Finding: In the past, the auditors were able to draft the financial statements with management accepting responsibility. Effective for financial statements ending on or after December 15, 2006, SAS 112 now requires management to ensure propriety and completeness of the financial statements and related footnotes. The staff responsible for preparation of financial statements and related footnote disclosures in accordance with generally accepted accounting principles (GAAP) lacks the resources necessary internally to complete the reporting requirements.

Recommendation: Management should either (a) obtain the resources necessary to internally prepare or review the auditors' preparation of the Hospital's financial statements and related footnote disclosures in accordance with GAAP, or (b) determine if the cost overrides the benefit of correcting this control deficiency.

Response: Management has considered the recommendation and concluded that the implementation cost is greater than the benefit derived from correcting the control deficiency.

Current Status: Not resolved - See finding 2012-1

2011-02 - Segregation of Duties

Fiscal Year Initially Reported: October 31, 2007

Finding: Due to a limited number of available employees, there is not a complete segregation of duties in all accounting, recording and custody functions.

Recommendation: We recommend that duties be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes 1) separating transaction authorization from custody of related assets; 2) separating transaction recording from general ledger posting and maintenance; 3) separating operations responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review.

Response: Management will continue to segregate duties as much as possible and will closely supervise and review duties to prevent errors.

Current Status: Not resolved - See finding 2012-2

Section II. Management Letter

Not Applicable

Section III. Federal Award Findings and Questioned Costs

Not Applicable